

**BENCHLAND WATER DISTRICT  
BASIC FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS  
YEAR ENDED DECEMBER 31, 2008**

## BENCHLAND WATER DISTRICT

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Benchland Water District

We have audited the accompanying financial statements of the business-type activities of Benchland Water District, as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Benchland Water District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Benchland Water District, as of December 31, 2008, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2009, on our consideration of Benchland Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Trustees  
Benchland Water District

The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

WOOD Richards & Associates

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Ogden, Utah  
June 16, 2009

BENCHLAND WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING DECEMBER 31, 2008

## INTRODUCTION

The following is a discussion and analysis of Benchland Water District's financial performance and activities for the year ending December 31, 2008.

## HIGHLIGHTS

The District continued to reinvest in the water system infrastructure by making necessary improvements and by providing ongoing maintenance. Some subdivisions were completed and the water lines added to the infrastructure.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the District's Basic Financial Statements. The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States, promulgated by the Government Accounting Standards Board. The District reports as a single enterprise fund. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the District's significant accounting policies.

The District's financial statements are comprised of three basic statements. The Statement of Net Assets shows the overall net assets of the District. Increases and decreases in net assets are one indicator of the District's overall financial condition. The Statement of Revenues, Expenses, and Changes in Fund Net Assets identify functions of the District that are intended to recover all or most of their costs primarily through user fees and charges (business-type activities). The Statement of Cash Flows reports cash flows in four categories or activities - operating, capital and related financing, non-capital financing and investing.

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

#### Net Assets

The largest component of the District's net assets, 80.78%, reflects investments in capital assets (land, buildings, equipment, and infrastructure) less all outstanding debt that was issued to buy or build those assets. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities.

Restricted net assets comprise 6.38% of total net assets and are subject to external restrictions on how they may be used. The remaining 12.84% of net assets is unrestricted and may be used at the District's discretion to meet its ongoing obligations to citizens and creditors.

#### Business-Type Activities

The business-type activities are summarized as follows:

	2008	2007
<b>Assets</b>		
Current and other assets	\$ 1,107,678	\$ 889,096
Restricted assets	530,588	512,464
Capital assets - net of depreciation	6,714,582	6,792,310
Total assets	8,352,848	8,193,870
<b>Liabilities</b>		
Current liabilities	40,847	33,158
Non-current liabilities	-	-
Total liabilities	40,847	33,158
<b>Net Assets</b>		
Invested in capital assets net of related debt	6,714,582	6,792,310
Restricted for future improvements	530,588	512,464
Unrestricted	1,066,831	855,938
Total net assets	\$ 8,312,001	\$ 8,160,712

## Management's Discussion and Analysis

### Changes in Net Assets

The Net Assets in the Enterprise Fund increased by \$151,289.

	2008	2007
<b>Revenues</b>		
Operating revenue	\$ 962,368	\$ 958,778
Operating expenses	(912,254)	(838,559)
Operating income (loss)	50,114	120,219
Non-operating revenues	45,336	55,009
Non-operating expenses	(4,324)	-
Net income before capital contributions	91,126	175,228
Capital contributions	60,163	723,722
Change in net assets	151,289	898,950
Net assets - beginning	8,160,712	7,261,762
Net assets - ending	\$ 8,312,001	\$ 8,160,712

### Capital Assets

Benchland Water District added \$176,912 in new capital assets during the fiscal year.

### Long-Term Debt

The District currently has no long-term debt obligations.

## ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of Benchland Water District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or any other matters related to the District's finances should be addressed to Benchland Water District, 485 East Shepherd Lane, Kaysville, Utah 84037.

BENCHLAND WATER DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008

	Business-Type Activities - <u>Enterprise Funds</u> <u>Water</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 942,008
Accounts receivable	1,124
Property tax receivable	83,861
Prepaid expenses and deposits	<u>80,685</u>
Total current assets	<u>1,107,678</u>
Noncurrent assets:	
Cash and cash equivalents - restricted	530,588
Non depreciated capital assets	479,616
Capital assets net of depreciation	<u>6,234,966</u>
Total noncurrent assets	<u>7,245,170</u>
Total assets	<u>8,352,848</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	32,057
Compensated absences	<u>8,790</u>
Total current liabilities	<u>40,847</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets, net of related debt	6,714,582
Restricted-future improvements	530,588
Unrestricted	<u>1,066,831</u>
Total net assets	<u><u>\$ 8,312,001</u></u>

The accompanying notes are an integral part of these statements.



BENCHLAND WATER DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds
	<u>Water</u>
<b><u>OPERATING REVENUE</u></b>	
Charges for services	\$ 462,233
Contracting charges	32,700
General property taxes	400,117
Fees-in-lieu of taxes	46,663
Miscellaneous	20,655
Total operating revenue	<u>962,368</u>
<b><u>OPERATING EXPENSES</u></b>	
Salaries and wages	296,114
Depreciation	238,317
Employee benefits	142,094
Water purchase	70,268
Repairs and maintenance	37,602
Insurance and surety bonds	21,698
Professional services	21,114
Administrative	12,824
Equipment expense	37,010
Communications	8,384
Office supplies and expense	7,060
Utilities	5,240
Training	3,277
Fees - Board of Trustees	4,986
Utilities - S.H.	6,266
Total operating expenses	<u>912,254</u>
Operating income (loss)	<u>50,114</u>
<b><u>NONOPERATING REVENUE (EXPENSES)</u></b>	
Loss on disposition of assets	(4,324)
Interest income	45,336
Total nonoperating revenue (expenses)	<u>41,012</u>
Net income (loss) before contributions	91,126
Capital contributions	60,163
Change in net assets	151,289
Net assets - beginning	<u>8,160,712</u>
Net assets - ending	<u><u>\$ 8,312,001</u></u>

The accompanying notes are an integral part of these statements.

BENCHLAND WATER DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds <u>Water</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from intergovernmental revenue - property taxes	\$ 454,232
Receipts from customers	516,768
Payments to suppliers	(370,199)
Payments to employees	(297,750)
Net cash provided (used) by operating activities	<u>303,051</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Net cash provided (used) by noncapital financing activities	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Proceeds from sale of assets	12,000
Purchases of capital assets	(116,749)
Net cash provided (used) by capital and related financing activities	<u>(104,749)</u>
<b>Cash Flows From Investing Activities</b>	
Interest and dividends received	45,336
Proceeds from sale of investments	93,946
Net cash provided (used) by investing activities	<u>139,282</u>
Net increase (decrease) in cash and cash equivalents	337,584
Cash and cash equivalents - beginning	<u>1,135,012</u>
Cash and cash equivalents - ending	<u><u>\$ 1,472,596</u></u>

The accompanying notes are an integral part of these statements.

BENCHLAND WATER DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Funds <u>Water</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ 50,114
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	238,317
(Increase) decrease in prepaid expense	(1,701)
(Increase) decrease in accounts receivable	8,633
Increase (decrease) in accounts payable	<u>7,688</u>
Net cash provided (used) by operating activities	<u><u>\$ 303,051</u></u>
<b>Noncash Capital Financing Activities:</b>	
Capital assets of \$60,163 were acquired through contributions from developers.	

The accompanying notes are an integral part of these statements.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Benchland Water District conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The District has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

**A. Reporting Entity**

The Benchland Water District is a special district organized for the purpose of providing secondary water to residents. The District operates under a Board of Trustees form of government.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-14 (The Financial Reporting Entity) the financial reporting entity consists of the primary government.

The District has no component units.

**B. Fund Financial Statements**

The financial transactions of the District are recorded in an individual fund. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The District reports the following major proprietary fund:

**Water Fund -** The water fund is used to account for operations of the water system, (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The District has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Accordingly, the District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Consequently, the District does not apply FASB pronouncements issued after November 30, 1989.

**D. Assets, Liabilities, and Fund Balances/Net Assets**

The following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

***Pooled Cash and Temporary Investments***

Unrestricted and restricted cash balances are combined to form a pool of cash which is managed by the District Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The District Treasurer invests unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The District considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

***Inventories***

No significant inventories are maintained by the District, therefore none are reflected in these statements.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Balances/Net Assets (Continued)**

***Restricted Assets***

Certain resources set aside as reserves in accordance with District resolutions and State statutes are classified as restricted assets on the Statement of Net Assets because their use is limited.

***Capital Assets***

All purchased fixed assets are valued at cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Capital assets are defined as assets with an initial, individual cost of more than \$5,000.

Infrastructure capital assets which are newly constructed or contributed are capitalized.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	30-50 years	Equipment	5-10 years
Improvements	10-50 years	Infrastructure	25-50 years

***Long-term Obligations***

In the proprietary fund financial statements, long-term debt obligations are reported as liabilities. As of December 31, 2008, the District had no long-term debt obligations.

***Net Assets/Fund Balances***

The difference between assets and liabilities is *net assets* on the fund financial statements. The District's net assets are classified as follows:

- \* *Invested in capital assets, net of related debt* - This component of net assets consists of the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- \* *Restricted for future improvements* - This component of net assets consists of that portion of the net assets that is restricted for capital improvement expenditures.
- \* *Unrestricted* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**E. Contributions**

Certain proprietary fund types receive contributions for aid in construction from various sources. With the adoption of GASB No. 33, these contributions that were formerly credited directly to contributed capital accounts are now reflected as non-operating revenue.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Compensated Absences**

District policy provides for vested or accumulated vacation leave. Compensated absences are accrued when incurred in the proprietary financial statements.

**G. Use of Estimates**

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**H. Receivables**

Receivables include amounts due from customers primarily for services. These receivables are due within one month of billing. No allowance for doubtful accounts has been recorded since the District considers all accounts to be collectible. When an amount is deemed to be uncollectible, the receivable will be written off at that time.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

The District's deposits are carried at cost.

At the year end, the carrying amount of the District's deposits was \$251,632 and the bank balance was \$269,332. Of the bank balance, \$268,925 was fully covered by federal depository and NCUA insurance.

**B. Investments**

At year-end investments consisted of funds in the Utah Public Treasurer's Investment Fund. This investment is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. This investment is not categorized as to credit risk because it does not represent a security that exists in physical or book entry form. Investments are carried at cost which approximates their fair value.

	Carrying Amount	Market Value
Investments not subject to categorization:		
Utah Public Treasurer's Investment Fund	\$ 690,377	\$ 684,150
Utah Public Treasurer's Investment Fund	530,588	525,802
Total investments	<u>\$ 1,220,965</u>	<u>\$ 1,209,952</u>

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Summary**

	Carrying Amount
Deposits	\$ 251,632
Investment in Utah Public Treasurer's Investment Fund	1,220,965
Total deposits and investments	<u>\$ 1,472,597</u>
Equity in pooled cash and investments	\$ 942,009
Restricted cash - future improvements	530,588
Total deposits and investments	<u>\$ 1,472,597</u>

*Deposit and Investment Risk Disclosure.* Deposits and investments for Benchland Water District are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commission of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The District's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The District's bank balances at December 31, 2008, were \$269,332, of which \$268,925 was insured under federal depository and NCUA insurance.

*Credit risk.* Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.



BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Summary (Continued)**

The District is also authorized to invest in the Utah Public Treasurer's Investment Fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

For the year ended December 31, 2008, the District had investments of \$1,220,965 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

*Concentration of credit risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Act.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2008, was as follows:

	Balance December 31, 2007	Additions	(Deletions)	Balance December 31, 2008
<b>BUSINESS-TYPE ACTIVITIES</b>				
Nondepreciated Assets				
Land	\$ 240,666	\$ -	\$ -	\$ 240,666
Construction in progress	-	65,655	-	\$ 65,655
Water stock	173,295	-	-	173,295
Total nondepreciated assets	413,961	65,655	-	479,616
Depreciated Assets				
Reservoirs	550,190	-	-	550,190
Distribution system	5,435,248	19,488	-	5,454,736
Subdivision lines	3,425,862	60,163	-	3,486,025
Building	440,564	-	-	440,564
Small equipment	191,016	-	-	191,016
Office equipment	60,590	4,476	-	65,066
Vehicles	171,399	27,130	(23,320)	175,209
Total depreciated assets	10,274,869	111,257	(23,320)	10,362,806
Less accumulated depreciation				
Reservoirs	(318,504)	(11,004)	-	(329,508)
Distribution system	(2,527,846)	(108,782)	-	(2,636,628)
Subdivision lines	(632,490)	(69,119)	-	(701,609)
Building	(151,674)	(17,622)	-	(169,296)
Small equipment	(122,212)	(13,321)	-	(135,533)
Office equipment	(54,190)	(3,054)	-	(57,244)
Vehicles	(89,604)	(15,415)	6,997	(98,022)
Total accumulated depreciation	(3,896,520)	(238,317)	6,997	(4,127,840)
Net assets depreciated	6,378,349	(127,060)	(16,323)	6,234,966
Business type activities - net	\$ 6,792,310	\$ (61,405)	\$ (16,323)	\$ 6,714,582
Depreciation Expense				
December 31, 2008		\$ 238,317		

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 4 - INVESTMENT IN WATER STOCK**

The District's investment in water stock consists of purchased and pledged stock of the following irrigation districts: Davis Creek, Haight Bench, North Cottonwood-Lot, North Cottonwood-Field, Shepherd Creek, and Steed Creek. It is the intent of the District to continue to purchase water stock in these districts as it becomes available.

**NOTE 5 - PENSION PLANS AND RETIREMENT BENEFITS**

**Local Governmental - Cost Sharing**

Plan Description. The Benchland Water District contributes to the Local Governmental Noncontributory Retirement system, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes general-purpose financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. In the Local Governmental Noncontributory Retirement System the Benchland Water District is required to contribute 11.62% of their annual covered salary for January through December 2008. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the board.

The Benchland Water District contributions to the Local Governmental Noncontributory Retirement System for 2008, 2007, and 2006, were \$30,054, \$24,797, and \$21,981, respectively. The contributions were equal to the required contributions for each year.

The Benchland Water District contributions for 401(k) system for 2008, 2007, and 2006, were as follows:

	2008	2007	2006
Employee contribution	\$ 7,185	\$ 5,961	\$ 14,477
Employer for employee contributions	\$ 5,173	\$ 4,273	\$ 3,874

**NOTE 6 - LIABILITY FOR COMPENSATED ABSENCES**

The liability for compensated absences represents the accrued liability for the vested or accumulated vacation leave for earlier years. These amounts represent the accumulated unpaid vacation leave which would be paid if employees terminated employment as of December 31, 2008. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability as the benefits accrue to employees. The amount accrued as of December 31, 2008 was \$8,790.

BENCHLAND WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2008

**NOTE 7 - RISK MANAGEMENT**

Benchland Water District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include automobile, general liability, property, bond (employee dishonesty), treasurer, public officials and officers, excess liability, and workman's compensation. As of December 31, 2008, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

**NOTE 8 - LEGAL COMPLIANCE BUDGETS**

The budget for the fiscal year ending December 31, 2008, was approved and adopted by resolution or ordinance dated December 13, 2007. A public hearing, meeting the requirements specified in the Utah Code 11-35-113/114, was held on December 13, 2007. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the enterprise fund. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not used by the District.

**NOTE 9 - POST-EMPLOYMENT BENEFITS**

The District does not provide any post-employment benefits.

**NOTE 10 - PROPERTY TAX CALENDAR**

Lien date	Jan. 1
Taxing districts notify the county of date, time and place of public hearing	Mar. 1
County auditor sends valuation certified tax rate and levy worksheets to each taxing district	Jun. 8
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit it to the county auditor	Before Jun. 22
Taxing district adopts a final tax rate if there is no increase in the certified tax rate	Jun. 22
Due date for property taxes	Nov. 30
Taxing district adopts the final budget prior to beginning of the ensuing year	
Copy of the budget is submitted to the state auditor within 30 days of its adoption	

**INDEPENDENT AUDITOR'S REPORT**  
**STATE OF UTAH LEGAL COMPLIANCE**

To the Board of Trustees  
Benchland Water District

We have audited the accompanying financial statements of the business-type activities of Benchland Water District, for the year ended December 31, 2008 and have issued our report thereon dated June 16, 2009. Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Truth in Taxation
Cash Management	Purchasing Requirements
Budgetary Compliance	Other General Compliance Issues
Retirement System	General Compliance Special Districts

The District did not receive any major or non-major State grants during the year ended December 31, 2008.

The management of Benchland Water District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with requirements referred to above.

In our opinion, Benchland Water District, complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2008.

Wood Richards & Associates

June 16, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Benchland Water District

We have audited the financial statements of the business-type activities of Benchland Water District as of and for the year ended December 31, 2008, which collectively comprise Benchland Water District's financial statements and have issued our report thereon dated June 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Benchland Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Benchland Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Benchland Water District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Benchland Water District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Benchland Water District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Benchland Water District's internal control.

June 19, 2009

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Benchland Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Wood Richards & Associates

Ogden, UT

June 19, 2009